



IDAHO

DEPARTMENT OF FINANCE

BRAD LITTLE
Governor

MARY HUGHES
Acting Director

July 5, 2019

Via Electronic Mail and U.S. Mail

Re: Idaho Money Transmitter License Inquiry –

Dear _____ :

The Idaho Department of Finance (“the Department”) is in receipt of your correspondence of May 16, 2019 requesting guidance on the applicability of the Idaho Money Transmitter Act (“ITMA”) to the business plan of _____ (“_____”).

After reviewing the information and representations provided by _____ and reviewing the summary of the company business plan, flow of funds diagram, anti-money laundering policy, know your customer policy, and subsequent explanatory correspondence, the Department has determined to take a no action enforcement position as it pertains to the current business model of _____ and the licensure requirements of the IMTA.

Based on the information provided, it appears that _____ is acting as a virtual currency “exchanger” – or an entity that exchanges virtual currency for fiat currency, or fiat currency for virtual currency. An exchanger that *sells its own inventory* of virtual currency is generally not considered a money transmitter under the ITMA. Alternatively, an exchanger that holds customer funds while arranging a satisfactory buy/sell order with a third party, and transmits the virtual currency and fiat currency between buyer and seller, will typically be considered to constitute a money transmitter under the ITMA.

Given your representation that: 1. _____ only sells its own inventory of virtual currency; 2. in the instance of purchasing virtual currency, that _____ will not initiate transactions for which it is unable to dispense fiat currency; and 3. that consumers are restricted to redeem fiat currency at a single machine versus the full network of machines owned by _____; the Department of Finance will take a no action position as to the licensing provision of the Idaho Money Transmitters Act.

SECURITIES BUREAU

800 Park Blvd, Suite 200, Boise, ID 83712
Mail To: P.O. Box 83720, Boise ID 83720-0031
Phone: (208) 332-8004 Fax: (208) 332-8099

<http://finance.idaho.gov>

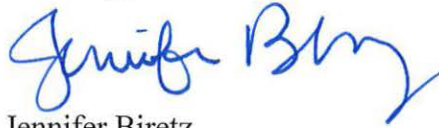
PROTECTING THE INTEGRITY OF IDAHO FINANCIAL MARKETS SINCE 1905

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Please be advised, should the facts and or business model differ from that presented, the Department's conclusion regarding the activities of _____ may vary from the position stated herein.¹

Should you have any questions, please feel free to contact me at Jennifer.Biretz@Finance.Idaho.gov or (208) 332-8081.

Sincerely,



Jennifer Biretz
Securities Bureau, Investigations Supervisor
Idaho Department of Finance

¹ This decision is based solely on the unique circumstances of the activity described and is not intended to serve as precedent for any other money transmitter or applicant. This letter should not be construed as a finding that licensure is or is not required in other jurisdictions.

Mary Harper

From:
Sent: Thursday, June 27, 2019 4:17 PM
To: Jennifer Biretz
Subject: Re: Money Transmitter License Clarification

We have the machines set so when a customer sells at a machine, they have to redeem at the same machine. This way, the machine can reserve that amount of cash for that customer and won't over sell and run out of cash per se.

I just read the email client I use, Microsoft office is down, so I hope you get this..

From: Jennifer Biretz
Sent: Thursday, June 27, 2019 1:47:16 PM
To:
Subject: RE: Money Transmitter License Clarification

—

I think I keep jinxing myself by saying I have one more question, but I do believe this is the last. I believe these are General Bytes ATMs? Will sellers be able redeem the cash at any ATM within the network or just the ATM where they initiate the sale transaction?

Jennifer Biretz, Investigations Supervisor
Securities Bureau
Phone: (208) 332-8081



From:
Sent: Thursday, June 27, 2019 1:22 PM
To: Jennifer Biretz
Subject: Re: Money Transmitter License Clarification

Hi!

I am sorry to ask this, but 'm curious if there's a time line to when I might know the response/outcome of the info I sent in.

Thank you!!

From:
Sent: Tuesday, June 25, 2019 4:51:58 PM
To: Jennifer Biretz
Subject: Re: Money Transmitter License Clarification

Ha! I totally know how that goes!!
Any other questions, let me know!

Thank you!!

From: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Sent: Tuesday, June 25, 2019 4:03:35 PM
To:
Subject: RE: Money Transmitter License Clarification

Thank you. I thought it was 45 minutes, but my eyes have looked at this a few times, and I just could not locate it this late in the day.

Jennifer Biretz, Investigations Supervisor
Securities Bureau
Phone: (208) 332-8081



From:
Sent: Tuesday, June 25, 2019 4:41 PM
To: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Subject: Re: Money Transmitter License Clarification

Great question! The 'expiration' that you're speaking of refers to the 45 minute window a customer has to transfer coin to us from the moment they initiate the sell at the machine. Since the sell price is locked in when they initiate the sell, this policy is to prevent someone from initiating the sell and waiting days/weeks for the price to adjust in their favor.
However, once we've received the coin and their sell ticket is ready to be redeemed, there's no expiration for that on their end.

From: Jennifer Biretz
Sent: Tuesday, June 25, 2:55 PM
Subject: RE: Money Transmitter License Clarification
To:

—

One last question. I saw something in all your paperwork that contemplated transactions timing out for “cryptocurrency sales” that failed to transfer within a specific period, where is that policy contained? Do you have a corresponding limit for claiming the fiat currency and / or any unclaimed property policies or procedures, i.e. I see that the seller will get a text when their crypto has been received by _____, but if the customer is prevented from accessing the ATM (say for example due to mall operational hours), will they be able to claim it at a later time, such as the next day?

Jennifer Biretz, Investigations Supervisor
Securities Bureau
Phone: (208) 332-8081

From: _____ >
Sent: Friday, June 21, 2019 4:47 PM
To: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Subject: Re: Money Transmitter License Clarification

No problem!

Thank you for working with me on this.

Enjoy the weekend!

From: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Sent: Friday, June 21, 2019 3:45 PM
To:
Subject: RE: Money Transmitter License Clarification

– Thank you for the response. I believe all of my questions are answered. I should have a response to you by Monday. Thank you for your patience.

Jennifer Biretz, Investigations Supervisor
Securities Bureau
Phone: (208) 332-8081



From: >
Sent: Thursday, June 13, 2019 6:24 PM
To: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Subject: Re: Money Transmitter License Clarification

Hi Jennifer -

I'm attaching an updated PDF that I believe will answer the questions that were in the previous email.

I've also attached the AML and KYC policies and procedures.

As far as customer complaints, we take them very seriously as this is a competitive and very small market. Customers have several options to contact us, via a web form on our website, text, or call. We currently have very good Google reviews and the ones that people leave a review that we can respond to, we try to reach out to them to see why they left the review and what we can do better. We are also registered with the Better Business Bureau so customers can reach out to them as well for another option. We have grown because of our repeat customers, which in return, turn new customers on to us.

If the PDF doesn't answer the questions, please let me know and I'll send you the answers directly.

Thank you!!!

From: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Sent: Monday, June 10, 2019 4:53 PM
To:
Subject: RE: Money Transmitter License Clarification

–

I have several questions regarding the business plan you submitted and the flow of funds.

1. Is _____ the owner of the BATMs?
2. Under Customer Purchases one of the bullet points states “hotwallet is replenished by a separate business wallet.” Who is the owner of this separate business wallet?
3. What happens in the instance of a purchase exceeding the availability of the hotwallet and/or business wallet?
4. What happens in the instance of a sale exceeding the availability of the fiat currency in the BATM?
5. What cryptocurrencies will be available for consumer purchase in your BATMs?
6. What cryptocurrencies will be available for consumer sale by the BATM?
7. Please provide _____ anti-money laundering (AML) policy and know your customer (KYC) policy.

8. What policies and procedures are in place for customer complaints / dispute resolution?

Jennifer Biretz, Investigations Supervisor
Securities Bureau
Phone: (208) 332-8081

From: >
Sent: Friday, June 07, 2019 6:55 PM
To: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Subject: Re: Money Transmitter License Clarification

Hi Jennifer -

Here is the business plan of our company.

Please let me know if you have any questions.

Thank you!

From: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Sent: Thursday, June 6, 2019 11:16 AM
To:
Subject: RE: Money Transmitter License Clarification

Mr. -

Thank you for your inquiry. As we discussed by phone, the Department requires review of a business plan and flow of funds to make a determination of the applicability of the Idaho Money Transmitter Act to virtual currency ATMs. Do you have those documents available for Department review? Thank you.

Jennifer Biretz, Investigations Supervisor
Securities Bureau
Phone: (208) 332-8081



From: >
Sent: Thursday, May 16, 2019 7:03 AM
To: Jennifer Biretz <Jennifer.Biretz@finance.idaho.gov>
Subject: Money Transmitter License Clarification

May 14, 2019

CONFIDENTIAL TREATMENT REQUESTED VIA EMAIL

Jennifer.Biretz@Finance.Idaho.gov

Idaho Department of Finance

800 Park Blvd., Suite 200

Boise, ID 83712

Re: Money Transmitter License Clarification on Virtual Currency

Dear Department Staff:

I am writing to seek clarification whether a Money Transmitter License within Idaho is required for).

has been in business five years and was one of the first bitcoin kiosks on the West Coast. We currently have locations in Oregon, Northern California, and are in the beginning stages of expanding into Idaho. The Idaho kiosks will be placed within malls located in Boise, Idaho Falls, and Coeur d'Alene.

allows customers to buy or sell specific cryptocurrencies instantly with cash, directly to or from our kiosks. The cryptocurrencies that customers purchase are controlled and owned by and sent immediately and automatically to the wallet address that is scanned by the customer. does not nor will not hold and/or store customer cryptocurrencies; The customer is responsible for maintaining their own wallets to retrieve and send cryptocurrency.

Customers who choose to sell cryptocurrencies to the kiosk can select the USD value of the coin they want to sell, not to exceed their daily customer limit. Once they initiate the sell amount, the machine prints a sell ticket that indicates the specific crypto amount the customer needs to manually send to us from their wallet. Once our systems confirm that the funds have been sent and verified (via blockchain miner confirmations), the customer receives an automated text saying they are ready to withdraw the cash from the kiosk.

In order to stay ahead of rapidly evolving cryptocurrency compliance regulations, places strict transaction limits and customer registration policies for current AML and KYC requirements.

Since does not hold or store customer funds, I'm under the impression that I do not need a Money Transmitter License within Idaho, and would greatly appreciate your confirmation or clarification.

Thank you for your time,